

Village of Lawton
County of Van Buren, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended February 29, 2004

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Lawton, Michigan

We have audited the accompanying general purpose financial statements of the Village of Lawton, Michigan, as of February 29, 2004, and for the year then ended, as listed in the contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Lawton, Michigan, as of February 29, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information and other supplementary data, as listed in the contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Lawton, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Siegfried Crandall P.C.

July 14, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Village of Lawton**COMBINED BALANCE SHEET - all fund types and account group**

February 29, 2004

	<u>Governmental fund types</u>	
	<u>General</u>	<u>Special revenue</u>
ASSETS		
Cash	\$ 707,865	\$ 474,260
Receivables:		
Taxes	60,603	3,712
Accounts	10,624	-
Due from other governmental units	36,226	54,351
Inventory of supplies	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-
Amount to be provided for retirement of general long-term debt	-	-
	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 815,318</u>	<u>\$ 532,323</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
Accounts payable	\$ 7,341	\$ -
Accrued expenses	-	-
Customer deposits	-	-
Deferred revenue	60,603	3,712
Vested employee benefits payable	-	-
Long-term debt	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>67,944</u>	<u>3,712</u>
FUND EQUITY:		
Investment in general fixed assets	-	-
Contributed capital	-	-
Retained earnings	-	-
Fund balance:		
Reserved for criminal training programs	6,221	-
Reserved for drug enforcement programs	366	-
Unreserved:		
Designated	312,535	35,700
Undesignated	428,252	492,911
	<u>747,374</u>	<u>528,611</u>
Total fund equity	<u>747,374</u>	<u>528,611</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 815,318</u>	<u>\$ 532,323</u>

<i>Proprietary fund types</i>		<i>Fiduciary fund type</i>	<i>Account Groups</i>		<i>Totals (memorandum only)</i>
<i>Enterprise</i>	<i>Internal service</i>	<i>Agency</i>	<i>General fixed assets</i>	<i>General long- term debt</i>	
\$ 989,085	\$ 99,702	\$ 20	\$ -	\$ -	\$ 2,270,932
-	-	-	-	-	64,315
73,714	-	-	-	-	84,338
-	-	-	-	-	90,577
33,600	-	-	-	-	33,600
2,705,791	81,764	-	1,326,070	-	4,113,625
-	-	-	-	41,418	41,418
<u>\$ 3,802,190</u>	<u>\$ 181,466</u>	<u>\$ 20</u>	<u>\$ 1,326,070</u>	<u>\$ 41,418</u>	<u>\$ 6,698,805</u>
\$ -	\$ -	\$ 20	\$ -	\$ -	\$ 7,361
14,900	-	-	-	-	14,900
30,555	-	-	-	-	30,555
-	-	-	-	-	64,315
-	-	-	-	41,418	41,418
1,585,000	-	-	-	-	1,585,000
<u>1,630,455</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>41,418</u>	<u>1,743,549</u>
-	-	-	1,326,070	-	1,326,070
107,835	26,288	-	-	-	134,123
2,063,900	155,178	-	-	-	2,219,078
-	-	-	-	-	6,221
-	-	-	-	-	366
-	-	-	-	-	348,235
-	-	-	-	-	921,163
<u>2,171,735</u>	<u>181,466</u>	<u>-</u>	<u>1,326,070</u>	<u>-</u>	<u>4,955,256</u>
<u>\$ 3,802,190</u>	<u>\$ 181,466</u>	<u>\$ 20</u>	<u>\$ 1,326,070</u>	<u>\$ 41,418</u>	<u>\$ 6,698,805</u>

See notes to financial statements

Village of Lawton**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - all governmental fund types***Year ended February 29, 2004*

	<u>General</u>	<u>Special revenue</u>	<u>Totals (memorandum only)</u>
REVENUES:			
Taxes	\$ 457,355	\$ 29,958	\$ 487,313
Licenses and permits	24,407	-	24,407
State grants	220,574	154,680	375,254
Contributions from local units	-	59,595	59,595
Charges for services	22,727	-	22,727
Fines and forfeitures	2,674	18,850	21,524
Interest and rentals	10,126	2,523	12,649
Other	5,724	3,220	8,944
Total revenues	<u>743,587</u>	<u>268,826</u>	<u>1,012,413</u>
EXPENDITURES:			
Legislative	8,869	-	8,869
General government	332,073	-	332,073
Public safety	255,324	-	255,324
Public works	92,879	53,412	146,291
Community and economic development	14,624	-	14,624
Recreation and cultural	24,738	103,417	128,155
Total expenditures	<u>728,507</u>	<u>156,829</u>	<u>885,336</u>
EXCESS OF REVENUES OVER EXPENDITURES	15,080	111,997	127,077
FUND BALANCE - BEGINNING OF YEAR	<u>732,294</u>	<u>416,614</u>	<u>1,148,908</u>
FUND BALANCE - END OF YEAR	<u>\$ 747,374</u>	<u>\$ 528,611</u>	<u>\$ 1,275,985</u>

See notes to financial statements

Village of Lawton**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - *general and special revenue funds***

Year ended February 29, 2004

	<i>General</i>		<i>Variance favorable (unfavorable)</i>
	<i>Budget</i>	<i>Actual</i>	
REVENUES:			
Taxes	\$ 459,500	\$ 457,355	\$ (2,145)
Licenses and permits	25,000	24,407	(593)
State grants	217,950	220,574	2,624
Contributions from local units	-	-	-
Charges for services	23,310	22,727	(583)
Fines and forfeitures	3,000	2,674	(326)
Interest and rentals	14,462	10,126	(4,336)
Other	1,228	5,724	4,496
Total revenues	744,450	743,587	(863)
EXPENDITURES:			
Legislative	11,900	8,869	3,031
General government	355,285	332,073	23,212
Public safety	259,600	255,324	4,276
Public works	102,025	92,879	9,146
Community and economic development	19,300	14,624	4,676
Recreation and cultural	29,800	24,738	5,062
Total expenditures	777,910	728,507	49,403
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(33,460)	15,080	48,540
FUND BALANCE - BEGINNING OF YEAR	732,294	732,294	-
FUND BALANCE - END OF YEAR	\$ 698,834	\$ 747,374	\$ 48,540

<i>Special revenue</i>			<i>Totals (memorandum only)</i>		
<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>	<i>Budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
\$ 29,200	\$ 29,958	\$ 758	\$ 488,700	\$ 487,313	\$ (1,387)
-	-	-	25,000	24,407	(593)
140,400	154,680	14,280	358,350	375,254	16,904
57,000	59,595	2,595	57,000	59,595	2,595
-	-	-	23,310	22,727	(583)
18,480	18,850	370	21,480	21,524	44
3,920	2,523	(1,397)	18,382	12,649	(5,733)
1,600	3,220	1,620	2,828	8,944	6,116
<u>250,600</u>	<u>268,826</u>	<u>18,226</u>	<u>995,050</u>	<u>1,012,413</u>	<u>17,363</u>
-	-	-	11,900	8,869	3,031
-	-	-	355,285	332,073	23,212
-	-	-	259,600	255,324	4,276
83,500	53,412	30,088	185,525	146,291	39,234
-	-	-	19,300	14,624	4,676
<u>109,300</u>	<u>103,417</u>	<u>5,883</u>	<u>139,100</u>	<u>128,155</u>	<u>10,945</u>
<u>192,800</u>	<u>156,829</u>	<u>35,971</u>	<u>970,710</u>	<u>885,336</u>	<u>85,374</u>
57,800	111,997	54,197	24,340	127,077	102,737
<u>416,614</u>	<u>416,614</u>	<u>-</u>	<u>1,148,908</u>	<u>1,148,908</u>	<u>-</u>
<u>\$ 474,414</u>	<u>\$ 528,611</u>	<u>\$ 54,197</u>	<u>\$ 1,173,248</u>	<u>\$ 1,275,985</u>	<u>\$ 102,737</u>

See notes to financial statements

Village of Lawton

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS - proprietary fund types**

Year ended February 29, 2004

	<i>Enterprise</i>	<i>Internal service</i>	<i>Totals (memorandum only)</i>	
			<i>2004</i>	<i>2003</i>
OPERATING REVENUES:				
Water sales	\$ 269,093	\$ -	\$ 269,093	\$ 260,401
Sewer service charges	264,689	-	264,689	288,602
Rental charges	-	90,743	90,743	89,244
Total operating revenues	<u>533,782</u>	<u>90,743</u>	<u>624,525</u>	<u>638,247</u>
OPERATING EXPENSES:				
Salaries and wages	69,200	20,908	90,108	98,523
Payroll taxes and fringe benefits	6,508	1,943	8,451	9,066
Administrative fees	4,200	1,800	6,000	6,000
Professional services	108,387	-	108,387	104,203
Audits	1,750	800	2,550	2,400
Materials and supplies	8,377	11,448	19,825	25,693
Gas and oil	-	11,591	11,591	9,709
Utilities	54,326	-	54,326	57,304
Telephone	2,529	-	2,529	2,386
Office supplies	3,086	-	3,086	2,168
Repairs and maintenance	22,097	-	22,097	19,916
Insurance	6,224	6,695	12,919	12,539
Vehicle rental	8,999	-	8,999	10,453
Miscellaneous	4,532	-	4,532	4,925
Building rent	-	1,000	1,000	1,000
Depreciation	<u>82,735</u>	<u>24,300</u>	<u>107,035</u>	<u>103,405</u>
Total operating expenses	<u>382,950</u>	<u>80,485</u>	<u>463,435</u>	<u>469,690</u>
OPERATING INCOME	<u>150,832</u>	<u>10,258</u>	<u>161,090</u>	<u>168,557</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income	6,530	452	6,982	12,798
Interest expense	(35,913)	-	(35,913)	(37,553)
Loss on sale of fixed assets	-	-	-	(109)
Net nonoperating revenues (expenses)	<u>(29,383)</u>	<u>452</u>	<u>(28,931)</u>	<u>(24,864)</u>
NET INCOME	121,449	10,710	132,159	143,693
RETAINED EARNINGS - BEGINNING OF YEAF	<u>1,942,451</u>	<u>144,468</u>	<u>2,086,919</u>	<u>1,943,226</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 2,063,900</u>	<u>\$ 155,178</u>	<u>\$ 2,219,078</u>	<u>\$2,086,919</u>

See notes to financial statements

Village of Lawton

COMBINED STATEMENT OF CASH FLOWS - proprietary fund types

Year ended February 29, 2004

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (memorandum only)</u>	
			<u>2004</u>	<u>2003</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 526,443	\$ -	\$ 526,443	\$ 524,215
Receipts from interfund services provided	-	90,743	90,743	89,244
Payments to suppliers	(225,719)	(35,277)	(260,996)	(257,867)
Payments to employees	(69,200)	(20,908)	(90,108)	(98,523)
Payments for interfund services used	(8,999)	-	(8,999)	(10,453)
Net cash provided by operating activities	<u>222,525</u>	<u>34,558</u>	<u>257,083</u>	<u>246,616</u>
Cash flows from capital and related financing activities:				
Capital contributions	650	-	650	5,000
Proceeds from sale of capital assets	-	-	-	3,898
Acquisition of capital assets	(3,497)	(4,120)	(7,617)	(59,139)
Principal paid on long-term debt	(80,000)	-	(80,000)	(80,000)
Interest paid on long-term debt	(36,563)	-	(36,563)	(38,362)
Net cash used in capital and related financing activities	<u>(119,410)</u>	<u>(4,120)</u>	<u>(123,530)</u>	<u>(168,603)</u>
Cash flows from investing activities - interest received	<u>6,530</u>	<u>452</u>	<u>6,982</u>	<u>12,798</u>
Net increase in cash	109,645	30,890	140,535	90,811
Cash - beginning of year	<u>879,440</u>	<u>68,812</u>	<u>948,252</u>	<u>857,441</u>
Cash - end of year	<u>\$ 989,085</u>	<u>\$ 99,702</u>	<u>\$ 1,088,787</u>	<u>\$ 948,252</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 150,832	\$ 10,258	\$ 161,090	\$ 168,557
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	82,735	24,300	107,035	103,404
Increase in:				
Accounts receivable	(7,884)	-	(7,884)	(24,788)
Inventory of supplies	(3,703)	-	(3,703)	(1,907)
Increase in customer deposits	545	-	545	1,350
Net cash provided by operating activities	<u>\$ 222,525</u>	<u>\$ 34,558</u>	<u>\$ 257,083</u>	<u>\$ 246,616</u>

See notes to financial statements

Village of Lawton
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Lawton, Michigan (the Village), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements represent the Village. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Village has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Village's financial statements.

b) Basis of presentation:

The accounts of the Village are organized and operated on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The financial activities of the Village are recorded in the separate funds and an account group, categorized, and described as follows:

i) Governmental funds:

General Fund - this fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state distributions.

Special revenue funds - these funds are used to account for specific governmental revenue requiring separate accounting because of legal or regulatory provisions or administrative action.

ii) Proprietary funds:

Enterprise fund - this fund is comprised of the Water and Sewer Fund and is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal service fund - this fund is comprised of the Motor Pool Fund and is used to account for the financing of services provided to other departments or agencies of the Village on a cost-reimbursement basis.

Village of Lawton
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

b) Basis of presentation (continued):

iii) Fiduciary fund:

Trust and agency fund - this fund is used to account for assets held by the Village in a trustee capacity or as an agent for individuals; private organization, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

iv) Account group:

General fixed assets account group - this account group presents the fixed assets of the Village utilized in its general operations (nonproprietary fixed assets).

c) Basis of accounting:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental and fiduciary funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

The proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. The Village has elected to follow (1) all GASB pronouncements and (2) Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins issued or before November 30, 1989, except those that conflict with a GASB pronouncement.

d) Budgets and budgetary accounting:

The Village follows the procedures in establishing the budgetary data reflected in the financial statements in accordance with the Uniform Budgeting and Accounting Act (Act No. 621, Public Acts of 1978) as prescribed by the State of Michigan.

Budgets for the general and special revenue funds are adopted at the functional level and are on a basis consistent with generally accepted accounting principles.

e) Receivables:

All receivables are estimated to be fully collectible.

f) Inventory of supplies:

Supplies inventory is stated at cost (as determined on the first-in, first-out basis).

Village of Lawton
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

g) Fixed assets:

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds. Public domain "infrastructure" general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Water and Sewer Fund</u>	<u>Motor Pool Fund</u>
Buildings	50 years	-
Improvements	10 years	-
Equipment	5 - 6 years	5 - 10 years
Water system	30 - 40 years	-
Sewer system	30 - 50 years	-
Vehicles	-	5 years

h) Compensated absences:

Vacation leave is earned in varying amounts depending upon years of service and is fully vested when earned. Vacation leave is accrued as a liability based on the vacation leave accumulated at the balance sheet date.

The Village accrues half the sick leave benefits earned by the employees as a vested amount. Sick leave is recorded as a liability based on half the sick leave accumulated at the balance sheet date. The Village does not accrue for the unused accumulated sick pay that is nonvested. Unrecorded sick pay at February 29, 2004, is \$24,929. Such accumulations are reduced to the maximum amount allowed as a termination payment, based on certain limitations.

The portion of compensated absence liabilities not includable in the Village's governmental or proprietary fund types is reported in the general long-term debt account group.

Village of Lawton
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

i) Property tax revenue recognition;

Property tax revenue is recognized in the year for which taxes have been levied and become available. The Village levy date is July 1, therefore the total levy is recorded as revenue in the current year. Property taxes are levied as of July 1 on property values assessed as of December 31 of the prior year. The billings are due on September 14 (75 days after the date levied), after which time the bill becomes delinquent and penalties and interest may be assessed by the Village. The Village considers property taxes levied July 1 as revenue of the current year.

j) Totals (memorandum only):

The total column on the combined statements is captioned "memorandum only" to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation as interfund eliminations have not been made.

k) Comparative data:

Comparative data for the prior year has been presented in the financial statements in order to provide an understanding of changes in the Village's financial position and results of operations. However, comparative data (i.e. presentation of prior year's totals by fund type) has not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to understand.

NOTE 2 - CASH:

Deposits with financial institutions:

At February 29, 2004, the Village had deposits with a carrying value of \$2,270,932 and a corresponding bank balance of \$2,299,677. Of the bank balance, \$100,000 is covered by federal depository insurance and \$2,199,677 is uninsured.

Village of Lawton
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - FIXED ASSETS:

A summary of changes in general fixed assets of the Village follows:

	<i>Balance March 1, 2003</i>	<i>Additions</i>	<i>Dispositions</i>	<i>Balance February 29, 2004</i>
Land	\$ 217,843	\$ -	\$ -	\$ 217,843
Land improvements	102,686	-	-	102,686
Buildings	686,987	-	-	686,987
Improvements - other than buildings	49,674	-	-	49,674
Machinery and equipment	47,339	-	-	47,339
Office equipment	<u>221,541</u>	<u>-</u>	<u>-</u>	<u>221,541</u>
Investments in general fixed assets	<u>\$1,326,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,326,070</u>

A summary of proprietary fund type fixed assets at February 29, 2004, follows:

	<i>Enterprise</i>	<i>Internal Service</i>
Land	\$ 205,700	\$ -
Sewage treatment plant	2,071,213	-
Sewage systems	399,190	-
Water system	904,381	-
Water tank	175,850	-
Pump house and tank foundation	28,229	-
Tools and equipment	80,947	244,761
Vehicles	<u>-</u>	<u>145,621</u>
Total cost	3,865,510	390,382
Less accumulated depreciation	<u>1,159,719</u>	<u>308,618</u>
Net carrying amount	<u>\$2,705,791</u>	<u>\$ 81,764</u>

Village of Lawton
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM DEBT:

In 1998, the Village issued revenue bonds, in the amount of \$1,900,000, to finance the construction of a new wastewater treatment plant. The Village pledges income derived from the treatment plant to pay debt service amounts, which are due in annual installments ranging from \$85,000 to \$115,000 through April 1, 2020; plus interest at 2.25%, which is due semi-annually.

Revenue bond debt service requirements to maturity, including \$301,793 of interest, are as follows:

<i>Year ending February 28,</i>	
2005	\$ 119,706
2006	117,794
2007	115,882
2008	118,913
2009	116,888
Thereafter	<u>1,297,610</u>
Total	<u>\$1,886,793</u>

NOTE 5 - TAX REVENUE:

Tax revenue is comprised of current property taxes (real and personal) levied during the year ended February 29, 2004, and the administrative fee charged during that period. The following information is presented regarding the taxes levied and administrative fees collected concerning a major taxpayer:

	<i>Total tax revenue</i>	<i>Major taxpayer</i>	<i>Taxpayer percentage</i>
Current property taxes	\$500,886	\$137,661	
Administrative fees	<u>5,009</u>	<u>1,377</u>	
	<u>\$505,895</u>	<u>\$139,038</u>	<u>27%</u>

Village of Lawton
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - SEGMENT INFORMATION - ENTERPRISE FUND:

The Water and Sewer Fund provides water and sewage treatment services to the residents of the Village.

Segment information of the enterprise fund is provided as follows for the Water and Sewer Fund operations for the year ended February 29, 2004:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 269,093	\$ 264,689	\$ 533,782
Depreciation	\$ 33,479	\$ 49,256	\$ 82,735
Operating income	\$ 110,175	\$ 40,657	\$ 150,832
Capital contributions	\$ -	\$ 650	\$ 650
Net income	\$ 113,440	\$ 8,009	\$ 121,449
Fixed asset additions	\$ -	\$ 3,497	\$ 3,497
Net working capital	\$ 532,922	\$ 433,022	\$ 965,944
Total assets	\$1,148,698	\$2,653,492	\$3,802,190
Long-term debt	\$ -	\$1,500,000	\$1,500,000
Total equity	\$1,133,420	\$1,038,315	\$2,171,735

A major commercial customer accounts for revenues of \$214,782, which represents 41% of total water and sewer revenues for the year ended February 29, 2004.

NOTE 7 - DEFINED CONTRIBUTION PLAN:

On March 1, 1986, the Village adopted a defined contribution plan, specifically referred to as the Village of Lawton Employee Deferred Compensation Plan (the Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate the first day of March or September, following the date of employment, unless otherwise approved by the Plan Committee. Employees may elect to defer up to 10% of their total compensation, and the Village will match 100% of the employee's contributions, to a maximum of 5% of the employee's total compensation. The Village's contributions for each employee (and interest allocated to the employee's account) are fully vested after six years of continuous service. Village contributions for, and interest forfeited by, employees who leave employment before six years of service are used to reduce the Village's current period contribution requirements. The Village is not a trustee of the Plan, nor is the Village responsible for investment management of plan assets.

The Village and covered employees made contributions of \$18,507 and \$26,165, respectively, for the fiscal year ended February 29, 2004, for a total of \$44,672.

NOTE 8 - RISK MANAGEMENT:

The Village is exposed to various risks of loss to general liability, property and casualty, and workers' compensation.

The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

SUPPLEMENTARY INFORMATION

Village of Lawton
BALANCE SHEET - General Fund
February 29, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 707,865	\$ 684,000
Receivables:		
Taxes	60,603	37,377
Accounts	10,624	9,479
Due from state	<u>36,226</u>	<u>39,965</u>
TOTAL ASSETS	<u>\$ 815,318</u>	<u>\$ 770,821</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts payable	\$ 7,341	\$ 1,150
Deferred revenue	<u>60,603</u>	<u>37,377</u>
Total liabilities	<u>67,944</u>	<u>38,527</u>
FUND BALANCE:		
Reserved for criminal training programs	6,221	7,089
Reserved for drug enforcement programs	366	-
Unreserved:		
Designated for subsequent year's expenditures	312,535	34,960
Undesignated	<u>428,252</u>	<u>690,245</u>
Total fund balance	<u>747,374</u>	<u>732,294</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 815,318</u>	<u>\$ 770,821</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - General Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Taxes:				
Property taxes	\$ 459,500	\$ 453,174	\$ (6,326)	\$ 470,431
Tax collection fees	-	4,181	4,181	4,584
Total taxes	<u>459,500</u>	<u>457,355</u>	<u>(2,145)</u>	<u>475,015</u>
Licenses and permits:				
Building and zoning permits	12,500	9,714	(2,786)	8,376
Franchise fees	<u>12,500</u>	<u>14,693</u>	<u>2,193</u>	<u>16,041</u>
Total licenses and permits	<u>25,000</u>	<u>24,407</u>	<u>(593)</u>	<u>24,417</u>
State grants:				
State shared revenue	215,500	218,113	2,613	235,425
Criminal justice	1,100	1,085	(15)	-
Liquor license fees	<u>1,350</u>	<u>1,376</u>	<u>26</u>	<u>1,316</u>
Total state grants	<u>217,950</u>	<u>220,574</u>	<u>2,624</u>	<u>236,741</u>
Charges for services:				
Cemetery charges	11,210	10,627	(583)	13,565
Administration fees	<u>12,100</u>	<u>12,100</u>	<u>-</u>	<u>12,100</u>
Total charges for services	<u>23,310</u>	<u>22,727</u>	<u>(583)</u>	<u>25,665</u>
Fines and forfeitures - district court fees	<u>3,000</u>	<u>2,674</u>	<u>(326)</u>	<u>3,977</u>
Interest and rentals:				
Interest	12,210	7,601	(4,609)	14,046
Building rentals	<u>2,252</u>	<u>2,525</u>	<u>273</u>	<u>2,262</u>
Total interest and rentals	<u>14,462</u>	<u>10,126</u>	<u>(4,336)</u>	<u>16,308</u>
Other - miscellaneous	<u>1,228</u>	<u>5,724</u>	<u>4,496</u>	<u>3,432</u>
Total revenues	<u>744,450</u>	<u>743,587</u>	<u>(863)</u>	<u>785,555</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended February 29, 2004

	<u>2004</u>		<u>Variance favorable (unfavorable)</u>	<u>2003</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
EXPENDITURES:				
Legislative - Village Council	<u>\$ 11,900</u>	<u>\$ 8,869</u>	<u>\$ 3,031</u>	<u>\$ 7,667</u>
General government:				
President	1,820	876	944	650
Elections	1,575	901	674	973
Clerk	63,000	56,986	6,014	55,577
Treasurer	5,400	5,238	162	4,993
Hall and grounds	23,400	17,184	6,216	19,166
Financial administration	94,990	97,889	(2,899)	77,545
Insurance and bonds	130,100	124,263	5,837	98,960
Cemetery	<u>35,000</u>	<u>28,736</u>	<u>6,264</u>	<u>27,472</u>
Total general government	<u>355,285</u>	<u>332,073</u>	<u>23,212</u>	<u>285,336</u>
Public safety - police department	<u>259,600</u>	<u>255,324</u>	<u>4,276</u>	<u>241,175</u>
Public works:				
Public works	6,825	4,950	1,875	5,604
Sidewalks	24,100	22,294	1,806	23,411
Streets	<u>71,100</u>	<u>65,635</u>	<u>5,465</u>	<u>59,881</u>
Total public works	<u>102,025</u>	<u>92,879</u>	<u>9,146</u>	<u>88,896</u>
Community and economic development - planning and zoning	<u>19,300</u>	<u>14,624</u>	<u>4,676</u>	<u>11,805</u>
Recreation and cultural:				
Parks and recreation	23,500	20,808	2,692	23,662
Civic betterment	<u>6,300</u>	<u>3,930</u>	<u>2,370</u>	<u>4,741</u>
Total recreation and cultural	<u>29,800</u>	<u>24,738</u>	<u>5,062</u>	<u>28,403</u>
Total expenditures	<u>777,910</u>	<u>728,507</u>	<u>49,403</u>	<u>663,282</u>

Village of Lawton

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - *General Fund (Continued)***

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (33,460)	\$ 15,080	\$ 48,540	\$ 122,273
OTHER FINANCING USES:				
Transfer to Local Street Fund	-	-	-	(25,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(33,460)	15,080	48,540	97,273
FUND BALANCE - BEGINNING OF YEAR	<u>732,294</u>	<u>732,294</u>	<u>-</u>	<u>635,021</u>
FUND BALANCE - END OF YEAR	<u>\$ 698,834</u>	<u>\$ 747,374</u>	<u>\$ 48,540</u>	<u>\$ 732,294</u>

Village of Lawton
COMBINING BALANCE SHEET - special revenue funds
February 29, 2004

	<i>Major Street</i>	<i>Local Street</i>	<i>Library</i>	<i>Totals (memorandum only)</i>	
				<i>2004</i>	<i>2003</i>
ASSETS					
Cash	\$ 309,853	\$ 87,558	\$ 76,849	\$474,260	\$361,497
Taxes receivable	-	-	3,712	3,712	2,295
Due from other governmental units	<u>20,938</u>	<u>8,277</u>	<u>25,136</u>	<u>54,351</u>	<u>55,117</u>
TOTAL ASSETS	<u>\$ 330,791</u>	<u>\$ 95,835</u>	<u>\$ 105,697</u>	<u>\$532,323</u>	<u>\$418,909</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Deferred revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,712</u>	<u>\$ 3,712</u>	<u>\$ 2,295</u>
FUND BALANCE:					
Unreserved:					
Designated for subsequent year's expenditures	-	-	35,700	35,700	-
Undesignated	<u>330,791</u>	<u>95,835</u>	<u>66,285</u>	<u>492,911</u>	<u>416,614</u>
Total fund balance	<u>330,791</u>	<u>95,835</u>	<u>101,985</u>	<u>528,611</u>	<u>416,614</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 330,791</u>	<u>\$ 95,835</u>	<u>\$ 105,697</u>	<u>\$532,323</u>	<u>\$418,909</u>

Village of Lawton**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - special revenue funds**

Year ended February 29, 2004

	<u>Major Street</u>	<u>Local Street</u>	<u>Library</u>	<u>Totals</u>	
				<u>2004</u>	<u>2003</u>
REVENUES:					
Property taxes	\$ -	\$ -	\$ 29,958	\$ 29,958	\$ 31,122
State grants	109,855	42,533	2,292	154,680	148,121
Federal grants	-	-	-	-	620
Contributions from local units	-	-	59,595	59,595	57,463
Fines and forfeitures	-	-	18,850	18,850	19,326
Interest	1,655	493	375	2,523	3,526
Other	-	-	3,220	3,220	2,225
Total revenues	<u>111,510</u>	<u>43,026</u>	<u>114,290</u>	<u>268,826</u>	<u>262,403</u>
EXPENDITURES:					
Public works	30,642	22,770	-	53,412	115,723
Recreation and cultural	-	-	103,417	103,417	94,588
Capital outlay	-	-	-	-	12,385
Total expenditures	<u>30,642</u>	<u>22,770</u>	<u>103,417</u>	<u>156,829</u>	<u>222,696</u>
EXCESS OF REVENUES OVER EXPENDITURES	80,868	20,256	10,873	111,997	39,707
OTHER FINANCING SOURCES:					
Operating transfers in	-	-	-	-	25,000
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	80,868	20,256	10,873	111,997	64,707
FUND BALANCE - BEGINNING OF YEAR	<u>249,923</u>	<u>75,579</u>	<u>91,112</u>	<u>416,614</u>	<u>351,907</u>
FUND BALANCE - END OF YEAR	<u>\$ 330,791</u>	<u>\$ 95,835</u>	<u>\$ 101,985</u>	<u>\$ 528,611</u>	<u>\$ 416,614</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - Major Street Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
State grants	\$ 100,000	\$ 109,855	\$ 9,855	\$ 105,437
Federal grant - FEMA	-	-	-	372
Interest	2,600	1,655	(945)	2,314
Total revenues	<u>102,600</u>	<u>111,510</u>	<u>8,910</u>	<u>108,123</u>
EXPENDITURES:				
Public works:				
Construction	25,700	-	25,700	-
Administration	3,300	3,233	67	3,185
Routine maintenance	15,600	14,093	1,507	30,493
Winter maintenance	12,400	13,316	(916)	10,391
Total expenditures	<u>57,000</u>	<u>30,642</u>	<u>26,358</u>	<u>44,069</u>
EXCESS OF REVENUES OVER EXPENDITURES	45,600	80,868	35,268	64,054
FUND BALANCE - BEGINNING OF YEAR	<u>249,923</u>	<u>249,923</u>	-	<u>185,869</u>
FUND BALANCE - END OF YEAR	<u>\$ 295,523</u>	<u>\$ 330,791</u>	<u>\$ 35,268</u>	<u>\$ 249,923</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - Local Street Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
State grants	\$ 38,200	\$ 42,533	\$ 4,333	\$ 40,931
Federal grant - FEMA	-	-	-	248
Interest	500	493	(7)	451
Total revenues	<u>38,700</u>	<u>43,026</u>	<u>4,326</u>	<u>41,630</u>
EXPENDITURES:				
Public works:				
Administration	3,200	2,865	335	3,264
Routine maintenance	12,600	9,850	2,750	58,286
Winter maintenance	10,700	10,055	645	10,104
Total expenditures	<u>26,500</u>	<u>22,770</u>	<u>3,730</u>	<u>71,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,200	20,256	8,056	(30,024)
OTHER FINANCING SOURCES:				
Transfer from General Fund	-	-	-	25,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	12,200	20,256	8,056	(5,024)
FUND BALANCE - BEGINNING OF YEAR	<u>75,579</u>	<u>75,579</u>	-	<u>80,603</u>
FUND BALANCE - END OF YEAR	<u>\$ 87,779</u>	<u>\$ 95,835</u>	<u>\$ 8,056</u>	<u>\$ 75,579</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - Library Fund**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
REVENUES:				
Property taxes	\$ 29,200	\$ 29,958	\$ 758	\$ 31,122
State grants	2,200	2,292	92	1,753
Contributions from local unit - Van Buren District Library	57,000	59,595	2,595	57,463
Fines and forfeitures - County shared penal fines	18,480	18,850	370	19,326
Interest	820	375	(445)	761
Other:				
Contributions	500	1,685	1,185	882
Other	1,100	1,535	435	1,343
Total other	1,600	3,220	1,620	2,225
Total revenues	109,300	114,290	4,990	112,650
EXPENDITURES:				
Recreation and cultural:				
Salaries and wages	52,000	48,260	3,740	48,135
Payroll taxes and fringe benefits	15,630	15,676	(46)	13,869
Office supplies	500	371	129	324
Operating supplies	2,500	2,778	(278)	1,014
Telephone	2,000	2,003	(3)	1,521
Electric	3,200	2,850	350	3,137
Heat	800	759	41	665
Custodial services	1,800	1,905	(105)	1,260
Repairs and maintenance	1,200	882	318	1,116
Building and equipment rental	1,120	1,120	-	1,100

Village of Lawton

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - Library Fund (Continued)**

Year ended February 29, 2004

	<u>2004</u>			<u>2003</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>	<u>Actual</u>
EXPENDITURES (Continued):				
Recreation and cultural (continued):				
Miscellaneous	\$ 1,100	\$ 709	\$ 391	\$ 803
Books, magazines, and periodicals	23,000	23,269	(269)	18,959
Audio and video cassettes	2,750	1,710	1,040	1,894
Memberships and dues	600	523	77	407
Education and training	600	47	553	50
Software	500	555	(55)	334
Total recreation and cultural	109,300	103,417	5,883	94,588
Capital outlay	-	-	-	12,385
Total expenditures	109,300	103,417	5,883	106,973
EXCESS OF REVENUES OVER EXPENDITURES	-	10,873	10,873	5,677
FUND BALANCE - BEGINNING OF YEAR	91,112	91,112	-	85,435
FUND BALANCE - END OF YEAR	<u>\$ 91,112</u>	<u>\$ 101,985</u>	<u>\$ 10,873</u>	<u>\$ 91,112</u>

Village of Lawton
BALANCE SHEET - Water and Sewer Fund
February 29, 2004

ASSETS		<u>2004</u>	<u>2003</u>
CURRENT ASSETS:			
Cash		\$ 989,085	\$ 879,440
Accounts receivable		73,714	65,830
Inventory of supplies		<u>33,600</u>	<u>29,897</u>
Total current assets		<u>1,096,399</u>	<u>975,167</u>
FIXED ASSETS:			
Land		205,700	205,700
Sewage treatment plant		2,071,213	2,067,716
Sewage system		286,353	286,353
Sewage lagoon		93,854	93,854
North area sanitary sewer		18,983	18,983
Water system		904,381	904,381
Elevated water tank		175,850	175,850
Pump house and tank foundation		28,229	28,229
Tools and work equipment		53,962	53,962
Tools - shop and garage equipment		<u>26,985</u>	<u>26,985</u>
		3,865,510	3,862,013
Less accumulated depreciation		<u>1,159,719</u>	<u>1,076,984</u>
Net fixed assets		<u>2,705,791</u>	<u>2,785,029</u>
TOTAL ASSETS		<u>\$ 3,802,190</u>	<u>\$ 3,760,196</u>

LIABILITIES AND FUND EQUITY		
	<u>2004</u>	<u>2003</u>
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 85,000	\$ 80,000
Accrued expenses	14,900	15,550
Customer deposits	<u>30,555</u>	<u>30,010</u>
Total current liabilities	130,455	125,560
LONG-TERM DEBT, less current maturities	<u>1,500,000</u>	<u>1,585,000</u>
Total liabilities	<u>1,630,455</u>	<u>1,710,560</u>
FUND EQUITY:		
Contributed capital:		
Customers	85,705	85,055
Federal revenue sharing	<u>22,130</u>	<u>22,130</u>
Total capital contributions	107,835	107,185
Retained earnings - unreserved, undesignated	<u>2,063,900</u>	<u>1,942,451</u>
Total fund equity	<u>2,171,735</u>	<u>2,049,636</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,802,190</u>	<u>\$ 3,760,196</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - Water and Sewer Fund***Year ended February 29, 2004*

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES:		
Water sales	\$ 269,093	\$ 260,401
Sewer service charges	<u>264,689</u>	<u>288,602</u>
Total operating revenues	<u>533,782</u>	<u>549,003</u>
OPERATING EXPENSES:		
Salaries and wages	69,200	78,839
Payroll taxes and fringe benefits	6,508	7,202
Administrative fees	4,200	4,200
Professional services	108,387	104,203
Audit	1,750	1,600
Materials and supplies	8,377	12,764
Utilities	54,326	57,304
Telephone	2,529	2,386
Office supplies	3,086	2,168
Repairs and maintenance	22,097	19,916
Insurance	6,224	6,510
Vehicle rental	8,999	10,453
Miscellaneous	4,532	4,925
Depreciation	<u>82,735</u>	<u>81,050</u>
Total operating expenses	<u>382,950</u>	<u>393,520</u>
OPERATING INCOME	<u>150,832</u>	<u>155,483</u>
NONOPERATING REVENUE (EXPENSES):		
Interest income	6,530	12,129
Interest expense	<u>(35,913)</u>	<u>(37,553)</u>
Net nonoperating expenses	<u>(29,383)</u>	<u>(25,424)</u>
NET INCOME	121,449	130,059
RETAINED EARNINGS - BEGINNING OF YEAR	<u>1,942,451</u>	<u>1,812,392</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 2,063,900</u>	<u>\$ 1,942,451</u>

Village of Lawton**STATEMENT OF CASH FLOWS - Water and Sewer Fund**

Year ended February 29, 2004

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 526,443	\$ 524,215
Payments to suppliers	(225,719)	(223,736)
Payments to employees	(69,200)	(78,839)
Payments for interfund services used	<u>(8,999)</u>	<u>(10,453)</u>
Net cash provided by operating activities	<u>222,525</u>	<u>211,187</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,497)	(17,049)
Principal paid on long-term debt	(80,000)	(80,000)
Interest paid on long-term debt	(36,563)	(38,362)
Capital contributions	<u>650</u>	<u>5,000</u>
Net cash used in capital and related financing activities	<u>(119,410)</u>	<u>(130,411)</u>
Cash flows from investing activities:		
Interest received	<u>6,530</u>	<u>12,129</u>
Net increase in cash	109,645	92,905
Cash - beginning of year	<u>879,440</u>	<u>786,535</u>
Cash - end of year	<u>\$ 989,085</u>	<u>\$ 879,440</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 150,832	\$ 155,483
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	82,735	81,049
Increase in:		
Accounts receivable	(7,884)	(24,788)
Inventory of supplies	(3,703)	(1,907)
Increase in customer deposits	<u>545</u>	<u>1,350</u>
Net cash provided by operating activities	<u>\$ 222,525</u>	<u>\$ 211,187</u>

Village of Lawton
BALANCE SHEET - Motor Pool Fund
February 29, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 99,702	\$ 68,812
FIXED ASSETS:		
Machinery and equipment	244,761	240,641
Vehicles	<u>145,621</u>	<u>145,621</u>
	390,382	386,262
Less accumulated depreciation	<u>308,618</u>	<u>284,318</u>
Net fixed assets	<u>81,764</u>	<u>101,944</u>
TOTAL ASSETS	<u>\$ 181,466</u>	<u>\$ 170,756</u>
FUND EQUITY		
FUND EQUITY:		
Contributed capital - General Fund	\$ 26,288	\$ 26,288
Retained earnings - unreserved	<u>155,178</u>	<u>144,468</u>
TOTAL FUND EQUITY	<u>\$ 181,466</u>	<u>\$ 170,756</u>

Village of Lawton**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS - Motor Pool Fund***Year ended February 29, 2004*

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES:		
Rental charges	\$ 90,743	\$ 89,244
OPERATING EXPENSES:		
Salaries and wages	20,908	19,684
Payroll taxes and fringe benefits	1,943	1,864
Administrative fees	1,800	1,800
Audit	800	800
Materials and supplies	11,448	12,929
Gas and oil	11,591	9,709
Insurance	6,695	6,029
Building rent	1,000	1,000
Depreciation	24,300	22,355
Total operating expenses	<u>80,485</u>	<u>76,170</u>
OPERATING INCOME	<u>10,258</u>	<u>13,074</u>
OTHER REVENUES (EXPENSES):		
Interest income	452	669
Loss on sale of fixed assets	-	(109)
Total other revenues	<u>452</u>	<u>560</u>
NET INCOME	10,710	13,634
RETAINED EARNINGS - BEGINNING OF YEAR	<u>144,468</u>	<u>130,834</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 155,178</u>	<u>\$ 144,468</u>

Village of Lawton
STATEMENT OF CASH FLOWS - Motor Pool Fund
Year ended February 29, 2004

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 90,743	\$ 89,244
Payments to suppliers	(35,277)	(34,131)
Payments to employees	(20,908)	(19,684)
	<u>34,558</u>	<u>35,429</u>
Net cash provided by operating activities		
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(4,120)	(42,090)
Proceeds from sale of capital assets	-	3,898
	<u>(4,120)</u>	<u>(38,192)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Interest received	452	669
	<u>452</u>	<u>669</u>
Net increase (decrease) in cash	30,890	(2,094)
Cash - beginning of year	68,812	70,906
	<u>68,812</u>	<u>70,906</u>
Cash - end of year	\$ 99,702	\$ 68,812
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 10,258	\$ 13,074
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	24,300	22,355
	<u>24,300</u>	<u>22,355</u>
Net cash provided by operating activities	\$ 34,558	\$ 35,429

Village of Lawton

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - *agency fund*

Year ended February 29, 2004

	<i>Balance March 1, 2003</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance February 29, 2004</i>
TRUST AND AGENCY FUND				
ASSETS				
Cash	<u>\$ 20</u>	<u>\$ 421,452</u>	<u>\$ 421,452</u>	<u>\$ 20</u>
LIABILITIES				
Escheatable monies	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>
Due to other funds	<u>-</u>	<u>421,452</u>	<u>421,452</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 20</u>	<u>\$ 421,452</u>	<u>\$ 421,452</u>	<u>\$ 20</u>

OTHER SUPPLEMENTARY DATA

Village of Lawton**SCHEDULE OF ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS -****\$1,900,000 1998 Wastewater treatment improvement project bonds**

February 29, 2004

<i>Fiscal period</i>	<i>Interest requirement</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirement</i>
	<i>April 1</i>	<i>October 1</i>			
2005	\$ 17,831	\$ 16,875	04/01/05	\$ 85,000	\$ 119,706
2006	16,875	15,919	04/01/06	85,000	117,794
2007	15,919	14,963	04/01/07	85,000	115,882
2008	14,963	13,950	04/01/08	90,000	118,913
2009	13,950	12,938	04/01/09	90,000	116,888
2010	12,938	11,869	04/01/10	95,000	119,807
2011	11,869	10,800	04/01/11	95,000	117,669
2012	10,800	9,675	04/01/12	100,000	120,475
2013	9,675	8,550	04/01/13	100,000	118,225
2014	8,550	7,425	04/01/14	100,000	115,975
2015	7,425	6,244	04/01/15	105,000	118,669
2016	6,244	5,063	04/01/16	105,000	116,307
2017	5,063	3,828	04/01/17	110,000	118,891
2018	3,828	2,588	04/01/18	110,000	116,416
2019	2,588	1,294	04/01/19	115,000	118,882
2020	1,294	-	04/01/20	115,000	116,294
	<u>\$ 159,812</u>	<u>\$ 141,981</u>		<u>\$ 1,585,000</u>	<u>\$ 1,886,793</u>